

Message Text

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C O N F I D E N T I A L PORT LOUIS 0451

E.O. 11652: GDS
TAGS: PFOR PINT PGOV ECON MP OAU
SUBJECT: MAURITIUS WEEKLY REVIEW- APRIL 29

REF: PORT LOUIS 425

SUMMARY: PORT LOUIS 0450 PROVIDES A SUMMARY OF THIS CABLE.
END SUMMARY.

1. THE VOTERS RETURNED A SPLIT DECISION IN THE APRIL 24
MUNICIPAL ELECTIONS, GIVING THE MAURITIAN MILITANT MOVEMENT
(MMM) CONTROL OF THREE TOWN COUNCILS AND THE GOVERNMENT
ALLIANCE OF THE LABOR PARTY AND THE MAURITIAN SOCIAL DEMOCRATIC
PARTY (PMSD) CONTROL OF THE OTHER TWO. OVERALL EACH SIDE
WON EXACTLY HALF OF THE 126 MUNICIPAL COUNCIL SEATS. IN
POPULAR VOTE THE MMM WON BETTER THAN 50 PERCENT, WHICH IT
IS INTERPRETING AS A REPUDIATION OF THE GOVERNING COALITION
BY THE ELECTORATE. THE COALITION IS CONSOLING ITSELF THAT
THE OUTCOME WAS NOT AS BAD AS SOME EXPECTED, AND IS PLEASED
THAT PMSD LEADER GAETAN DUVAL WON A COMEBACK VICTORY IN
CUREPIPE. IT IS EVEN MORE PLEASED THAT PAUL BERENGER,
SECRETARY GENERAL AND ACKNOWLEDGED LEADER OF THE MMM, WAS
DEFEATED FOR A SEAT IN QUATRE BORNES, AS WERE SEVEN OTHER
SITTING MMM MEMBERS OF THE ASSEMBLY. A RELATIVELY LOW
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VOTER TURNOUT (70 PERCENT OVERALL) HURT THE COALITION.
WHILE IT CANNOT BE SAID THAT THE COALITION WAS DEFEATED,
THE MMM MADE A SUBSTANTIAL IMPROVEMENT ON ITS PERFORMANCE
IN THE DECEMBER PARLIAMENTARY ELECTIONS AND HAS ADDED TO
ITS MOMENTUM TOWARD EVENTUALLY TAKING POWER. (PORT LOUIS
434 GIVES A DETAILED ACCOUNT OF THE MUNICIPAL ELECTION RESULTS.)

2. THE MMM IS CLAIMING THAT IT WON MORE THAN 52 PERCENT OF THE VOTES IN THE MUNICIPALS, BUT INDEPENDENT L'EXPRESS, USING THE ONLY OFFICIAL TALLY AVAILABLE THUS FAR, CAM UP WITH THE FOLLOWING PERCENTAGES:

MMM	50.46 PERCENT
ALLIANCE	45.54 PERCENT
INDEPENDENTS	0.16 PERCENT
UNUSED VOTES	3.90 PERCENT
TOTAL	100.00 PERCENT

(AN NUMERICAL DISCREPANCY IN ONE DISTRICT CAUSED THE OVER-HUNDRED PERCENT RESULT.) THE FACT THAT THE ALLIANCE FAILED TO RUN CANDIDATES FOR THREE OF THE COUNCIL SEATS AT STAKE HURT ITS POPULAR VOTE TOTAL AND ALSO LOST ONE SEAT (IN CUREPIPE) IT COULD HAVE WON EASILY.

3. DEV HURNAM, A YOUNG HINDU LAWYER, RESIGNED AS PRESIDENT OF THE PMSD LAST WEEK. HE TOLD A PRESS CONFERENCE THAT HIS REASONS WERE PARTLY PERSONAL (HE WANTS TO DEVOTE FULL TIME TO HIS LAW CAREER) BUT ALSO SAID HE HAD BEEN IGNORED AS PRESIDENT, EVEN WHEN THE PARTY WAS NEGOTIATING THE COALITION WITH LABOR. HE SAID THERE IS NO FUTURE FOR A HINDU POLITICIAN IN THE PMSD, NOTING THAT NOT A SINGLE ONE OF THE 30 HINDU PMSD CANDIDATES WAS ELECTED IN THE DECEMBER PARLIAMENTARY ELECTIONS. HURNAM RETAINS HIS ADMIRATION FOR GAETAN DUVAL, BUT NOT FOR SOME OF HIS CLOSE COLLABORATORS, HE SAID. HE MAINTAINS HIS INTEREST IN POLITICS AND HAS NOT CHANGED HIS IDEOLOGY.

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4. THE SOFRES PUBLIC OPINION POLL (PORT LOUIS 390) TURNS OUT TO BE HIGHLY POLITICAL IN CONTENT, ACCORDING TO ONE OF THE INTERVIEWEES. BESIDES COVERING QUESTIONS ABOUT A PERSON'S ECONOMIC WELL-BEING AND ATTITUDES TOWARD SUCH THINGS AS THE FREE ZONE, RESPONDENTS' VIEWS ON GAETAN DUVAL'S POLITICAL FUTURE, THE MMM, POTENTIAL LEADERS OF THE COUNTRY AND PAST VOTING PREFERENCES ARE INCLUDED. RESPONDENTS ARE BEING TOLD THAT THE RESULTS WILL BE KEPT CONFIDENTIAL, BUT IF SO, THIS WILL BE THE FIRST SECRET EVER KEPT IN MAURITIUS.

5. IN AN ASSEMBLY SESSION ON APRIL 26, LABOR MINISTER MOHAMED INTRODUCED, BUT THEN POSTPONED CONSIDERATION OF, HIS AMENDMENT TO THE INDUSTRIAL RELATIONS ACT ABOLISHING THE COMPULSORY "CHECK-OFF" OF UNION DUES (SEE REFTTEL). THE OPPOSITION MMM WAS GLEEFUL, SEEING THE DELAY AS OCCASIONED BY THE GOVERNMENT'S WISH TO AVOID A CLASH WITH THE UNITED FRONT OF TRADE UNIONS. THERE MAY ALSO BE A DIFFERENCE OF VIEWS ON THE SUBJECT WITHIN THE GOVERNING COALITION. THE ALLEGED REASON FOR THE DELAY WAS THE ABSENCE ABROAD OF

TWO KEY MINISTERS, WHOSE VOTES ARE NEEDED TO PASS THE MEASURE.

6. THE UNITED FRONT OF TRADE UNION ORGANIZATIONS PLANS TO SEEK A MEETING WITH THE PRIME MINISTER TO MAKE ITS CASE AGAINST THE LABOR MINISTER'S PROPOSAL.

7. GUY OLLIVRY OF THE MAURITIAN DEMOCRATIC UNION (UDM) SARCASTICALLY SAID IT IS EDIFYING TO SEE THAT THOSE PROTESTING AGAINST THE ABOLITION OF THE OBLIGATORY CHECK-OFF ARE THE TRADE UNION OFFICIALS AND NOT THE WORKERS. THE UDM AND DEV VIRAHSAWMY'S MAOIST MMM-SP PARTY BOTH CAME OUT IN OPPOSITION TO THE OBLIGATORY CHECK-OFF SYSTEM.

8. IN THE LEGISLATIVE ASSEMBLY ON APRIL 26 FINANCE MINISTER RINGADOO PRESENTED THE GOVERNMENT'S PROPOSED BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1. IT WAS AN AUSTERE BUDGET, CONFIDENTIAL

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CALLING FOR EXPENDITURES IN THE ORDINARY BUDGET OF RS. 1245 MILLIONS, OR RS. 15 MILLIONS LESS THAN THE FORECAST FOR THE CURRENT FISCAL YEAR. ON THE REVENUE SIDE, RECEIPTS WILL FALL BECAUSE OF LOWER ANTICIPATED EARNINGS BY THE SUGAR INDUSTRY, GIVING AN EXPECTED DEFICIT OF RS. 230 MILLIONS. TO REDUCE THIS DEFICIT RINGADOO PROPOSED NEW TAXES AMOUNTING TO RS. 130 MILLIONS. THESE WILL MAINLY BE OF THE INDIRECT VARIETY, AS THE MINISTER PROPOSED NO INCREASE IN THE PERSONAL INCOME TAX AND ONLY A 5 PERCENT INCREASE IN THE TAX ON COMPANY PROFITS (FROM 45 PERCENT TO 50 PERCENT). THERE WILL BE INCREASES IN IMPORT DUTIES ON A WHOLE HOST OF PRODUCTS, INCLUDING AUTOMOBILES, LIQUOR, WINE, BEER AND CIGARETTES, GASOLINE, TIRES, SPARE PARTS, RADIOS, TELEVISION SETS AND CAMERAS, INCREASED EXCISE TAXES ON ALCOHOLIC BEVERAGES AND TOBACCO, HIGHER LICENSE FEES, HIGHER SUGAR EXPORT TAXES, HIGHER TAXES ON GAMBLING HOUSES AND LOTTERIES, AND HIGHER AIRPORT LANDING FEES, AIRPORT PASSENGER TAXES AND POSTAL RATES.

9. THE DEVELOPMENT BUDGET FORESEES EXPENDITURES OF RS. 684 MILLIONS AND RECEIPTS OF RS. 461 MILLIONS, THUS A SIZEABLE DEFICIT. THERE WILL BE NO SURPLUS FROM THE ORDINARY BUDGET TO BE TRANSFERRED TO THE DEVELOPMENT BUDGET, SO FOREIGN LOANS AND GRANTS WILL BE DEPENDED ON MORE THAN EVER BEFORE, THE MINISTER EXPLAINED. AS FOR THE GOVERNMENT'S RESERVES, THERE WILL BE A DECREASE IN THEM OF RS. 322 MILLIONS IN THE COMING FISCAL YEAR, ON TOP OF A FALL OF RS. 296 MILLIONS IN THE CURRENT FISCAL YEAR, DESPITE SUBSTANTIAL DOMESTIC AND FOREIGN LOANS IN BOTH PERIODS. AS FOR THE BALANCE OF PAYMENTS, THERE WAS A SURPLUS OF RS. 170 MILLIONS IN 1975, A DEFICIT OF RS. 130 MILLIONS IN 1976, AND THE SITUATION IS

EXPECTED TO WORSEN IN 1977 AS THE TERMS OF TRADE CONTINUE TO WORSEN FOR MAURITIUS. SUMMING UP, RINGADOO SAID THE COMING YEAR IWLL BE A DIFFICULT ONE IN FINANCIAL TERMS.

10. THE OPPOSITION MMM HAS COME OUT STRONGLY AGAINST
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RINGADOO'S "AUSTERITY" BUDGET. THE MMM SAYS THAT THE INCREASES IN INDIRECT TAXES WILL FALL MOST HEAVILY ON THE WORKING POPULATION, ON CONSUMERS, AND WILL CAUSE MORE INFLATION, WHICH IS ALREADY RUNNING AT AN ANNUAL RATE OF 12 PERCENT. THE MMM PLANS TO MOUNT A CAMPAIGN IN FAVOR OF WAGE AND SALARY INCREASES -- FOR WHICH NO PROVISION IS MADE IN THE BUDGET -- IN ORDER TO PROTECT THE PURCHASING POWER OF THE WORKERS.

11. THOUGH THERE HAS BEEN GRUMBLING IN THE SUGAR INDUSTRY OVER THE INCREASE IN TAXES ON SUGAR EXPORTS, SINCE MANY SUGAR ESTATES ARE MAKING LITTLE IF ANY PROFIT AT PRESENT SUGAR PRICES, THE PRIVATE SECTOR HAS IN GENERAL WELCOMED RINGADOO'S AUSTERITY BUDGET AS NECESSARY UNDER THE CIRCUMSTANCES FACING THE COUNTRY'S ECONOMY. INCOME AND COMPANY TAXES ARE ALREADY HIGH; ANY INCREASES IN THESE WOULD FURTHER DISCOURAGE HOTENTIAL INVESTORS, WHO ARE ALREADY ACTING CAUTIOUSLY OWING TO THE STRONG SHOWING AT THE POLLS OF THE NATIONALIZATION-MINDED MMM PARTY.

12. OTHER BAD NEWS FOR CONSUMERS THIS WEEK WAS THE ANNOUNCEMENT OF INCREASES IN THE PRICES OF PETROLEUM PRODUCTS OF FROM 14 PERCENT TO 18 PERCENT.

13. AGRICULTURE MINISTER BOOLELL RETURNED FROM THE SUGAR TALKS IN GENEVA TO BE PRESENT FOR THE MUNICIPAL ELECTIONS AND THE BUDGET PRESENTATION IN THE ASSEMBLY THIS WEEK. HE TOLD THE PRESS THAT THE UNITED STATES AND THE EEC HAD BOTH SHOWN "A POSITIVE ATTITUDE" IN THE GENEVA TALKS.

14. ON THEIR RETURN FROM ATTENDING THE FRANCO-AFRICAN SUMMIT AND OCAM MEETING IN DAKAR, PRIME MINISTER RAMGOOLAM AND FOREIGN MINISTER WALTER SPOKE OF THE MEETING AS COMPLETE SUCCESSES AND STRESSED THE DISCUSSION OF THE SECURITY OF AFRICAN STATES AS PRIME TOPIC. WALTER, IN ANSWERING A QUESTION ABOUT RAMGOOLAM'S SUPPORT FOR MOBUTU, CITED
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SEVERAL ARTICLES OF THE OAU CHARTER WHICH PERMIT A MEMBER

STATE TO ASK FOR ASSISTANCE FROM ANY OTHER MEMBER, OR FROM
ANY OTHER COUNTRY FOR THAT MATTER.
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